

**AMENDMENT TO H.RES 1156**  
**OFFERED BY MR. HORSFORD OF NEVADA**

Strike the preamble and insert the following:

**1 SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Tipped Income Protec-  
3 tion and Improvement Act of 2026” or “TIP Improvement  
4 Act of 2026”.

**5 SEC. 2. MINIMUM WAGE FOR TIPPED EMPLOYEES.**

6 (a) MINIMUM WAGE FOR TIPPED EMPLOYEES.—  
7 Paragraph (2)(A) of section 3(m) of the Fair Labor  
8 Standards Act of 1938 (29 U.S.C. 203(m)(2)(A)) is  
9 amended to read as follows:

10 “(2)(A) The wage required to be paid to a  
11 tipped employee shall be the wage set forth in sec-  
12 tion 6(a)(1). All tips received by such employee shall  
13 be retained by the employee, except that this sub-  
14 section shall not be construed to prohibit the pooling  
15 of tips among employees who customarily and regu-  
16 larly receive tips.”.

17 (b) PENALTIES.—Section 16 of the Fair Labor  
18 Standards Act of 1938 (29 U.S.C. 216) is amended—

19 (1) in subsection (b), by striking “the sum of  
20 any tip credit taken by the employer and all such

1 tips unlawfully kept by the employer” and inserting  
2 “the sum of all such tips unlawfully used or kept by  
3 the employer”; and

4 (2) in subsection (c), by striking “the sum of  
5 any tip credit taken by the employer and all such  
6 tips unlawfully kept by the employer” and inserting  
7 “the sum of all such tips unlawfully used or kept by  
8 the employer”.

9 **SEC. 3. QUALIFIED TIP DEDUCTION MADE PERMANENT**  
10 **AND EXPANDED.**

11 (a) INCREASED DEDUCTION LIMIT FOR JOINT RE-  
12 TURN.—Section 224(b)(1) of the Internal Revenue Code  
13 of 1986 is amended by inserting “(twice such amount in  
14 the case of a joint return)” after “\$25,000”.

15 (b) PREVENTION OF WASTE, FRAUD, AND ABUSE.—  
16 Section 224(d)(2) of such Code is amended—

17 (1) in subparagraph (B), by striking “and” at  
18 the end,

19 (2) in subparagraph (C), by striking the period  
20 at the end and inserting a comma, and

21 (3) by inserting after subparagraph (C) the fol-  
22 lowing new subparagraphs:

23 “(D) such amount is paid by a person who  
24 does not bear a relationship to such individual  
25 described in section 267(b), and

1           “(E) such individual does not have an own-  
2           ership stake in the business which employs  
3           them in the job for which such individual is re-  
4           ceiving a tip.”.

5           (c) TIN REQUIREMENT.—Section 224(e) of such  
6 Code is amended to read as follows:

7           “(e) TAXPAYER IDENTIFICATION NUMBER RE-  
8           QUIRED.—No deduction shall be allowed under this sec-  
9           tion unless the individual includes such individual’s tax-  
10          payer identification number (in the case of a joint return,  
11          the taxpayer identification number of at least 1 spouse)  
12          on the return of tax for the taxable year.”.

13          (d) AUTOMATIC GRATUITIES TREATED AS QUALI-  
14          FIED TIPS FOR CERTAIN PROFESSIONS.—Section 224(d)  
15          of such Code is amended by adding at the end the fol-  
16          lowing new paragraph:

17                 “(4) TREATMENT OF AUTOMATIC GRATU-  
18                 ITIES.—

19                         “(A) IN GENERAL.—In the case of an indi-  
20                         vidual engaged in an occupation in hospitality,  
21                         food and beverage service, or cosmetology, the  
22                         term ‘qualified tips’ shall include an automatic  
23                         gratuity.

24                         “(B) AUTOMATIC GRATUITIES.—For pur-  
25                         poses of this paragraph, the term ‘automatic

1 gratuity’ means, with respect to an individual,  
2 any amount which—

3 “(i) would be a qualified tip with re-  
4 spect to the individual but for paragraph  
5 (2)(A), and

6 “(ii) is a mandatory or suggested  
7 amount paid pursuant to a uniform policy  
8 of the employer, under which such entire  
9 amount is received by the individual or,  
10 under State or local law, is pooled and re-  
11 ceived only by employees of the employer  
12 under a tip-sharing arrangement.”.

13 (e) DEDUCTION MADE PERMANENT.—Section 224 of  
14 such Code is amended by striking subsection (h).

15 (f) CONFORMING AMENDMENT.—Section 224 of such  
16 Code is amended by striking subsection (f) and by redesignig-  
17 nating subsection (g) as subsection (f).

18 (g) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to taxable years beginning after  
20 December 31, 2025.

